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Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04
NSAE-00 SIL-01 DODE-00 PA-01 USIA-06 PRS-01 SP-02
/045 W
----------025629 240218Z /73
R 240107Z AUG 77
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 4445
INFO TREASURY WASHDC

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EO 11652:N/A
TAGS: EGEN MX
SUBJECT: PRIVATE SECTOR TO MAKE SPECIAL BONUS PAYMENTS TO
LABOR.

1. BEGIN SUMMARY. LEADERS OF MAJOR PRIVATE SECTOR GROUPS IN MEETING WITH LOPEZ-PORTILLO PROMISED TO GIVE A SPECIAL BONUS PAYMENT TO THEIR WORKERS AND CREATE A TRAINING FUND FOR UNEMPLOYED. PRIVATE SECTOR MEASURES MAY HELP GOM TO CONTINUE EXERCISING RESTRAINT OVER WAGE DEMANDS BUT INITIAL LABOR REACTION NOT ENCOURAGING IN THIS REGARD. END SUMMARY.

2. ON AUGUST 22, PRESIDENT LOPEZ-PORTILLO MET WITH REPRESENTATIVES OF PRIVATE SECTOR GROUPS. MEETING FOLLOWS SEVERAL WEEKS OF NEGOTIATIONS BETWEEN GOM OFFICIALS AND PRIVATE SECTOR GROUPS WHICH WERE GEARED AT INDUCING THE LATTER TO MAKE SOME GESTURES THAT WOULD PERMIT THE GOVERNMENT TO ASSUAGE LABOR'S FEELINGS AND CONTINUE TO EXERCISE MODERATING INFLUENCE OVER WAGE DEMANDS.

3. WHEREAS ON AUGUST 3, JLP PRAISED LABOR AND CRITICIZED BUSINESS (SEE MEXICO 13028), ON AUGUST 22, HE SAID THAT THE MEASURES TO BE TAKEN BY THE PRIVATE INTERESTS WILL ENABLE
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HIM TO TELL THE NATION ON SEPTEMBER L THAT THE MEXICAN BUSINESSMAN HAS NEITHER ABANDONED NOR TURNED HIS BACK, BUT RATHER IS ENJOYING SOLIDARITY WITH THE WORKER AND PEASANT.

4. THE MOST IMPORTANT OF THE TEN MEASURES OSTENSIBLY PROPOSED BY BUSINESS IS A SPECIAL BONUS PAYMENT TO PLANT WORKERS EQUIVALENT TO TWO WEEKS PAY AT THE MINIMUM WAGE.

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IN THE FEDERAL DISTRICT THIS WILL AMOUNT TO 1277 PESOS (CURRENTLY 56.15 DOLLARS). THE PAYMENT IS TO BE MADE BEFORE OCTOBER 31. THIS IS IN PART A RESPONSE TO INCREASES IN THE OFFICIAL PRICES OF MILK AND WHEAT ANNOUNCED AUGUST 19. IT IS PROBABLY INTENDED TO DAMPEN PRESSURES FOR A GENERAL WAGE INCREASE.

5. THE SECOND MOST SIGNIFICANT MEASURE IS THE CREATION OF A SPECIAL TRAINING PROGRAM FOR UNEMPLOYED. BUSINESSES ARE TO INCREASE THEIR PAYROLLS BY TWO PERCENT, HIRING UNSKILLED AND UNEMPLOYED AT THE MINIMUM WAGE FOR A SIX-MONTH TRAINING PROGRAM. THIS PROGRAM IS TO LAST TWELVE MONTHS. THIS IS AN IDEA FORCED ON THE PRIVATE SECTOR BY THE GOM AS A MEANS OF REDUCING UNEMPLOYMENT. ITS SUCCESS REMAINS TO BE SEEN AND THE EXACT WAY THE PROGRAM WILL OPERATE IS UNCLEAR. THERE DOES NOT APPEAR TO BE ANY LEGAL REQUIREMENT FOR COMPANIES TO CARRY OUT THIS SCHEME.

6. OTHER MEASURES INCLUDE: (A) A PLEDGE TO MAINTAIN PRICES OF THE BASIC PRODUCTS AT EXISTING LEVELS THROUGHOUT THE BALANCE OF THE YEAR; (B) A SPECIAL FUND OF 4 BILLION PESOS TO BE CREATED BY PRIVATE BANKS AND TO BE USED FOR LOANS OF 2 MILLION PESOS OR LESS TO SMALLER COMPANIES; (C) A PLEDGE TO REINVEST PROFITS IN ORDER TO CREATE JOBS; (D) A CAMPAIGN BY PRIVATE SECTOR ORGANIZATIONS TO PROMOTE IMPORT SUBSTITUTION AND EXPORT DEVELOPMENT; (E) A TEN PERCENT REDUCTION IN THE COST OF INSURANCE FOR EXPORTS; LIMITED OFFICIAL USE

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(F) CONTINUATION OF THE BASIC PRODUCTS PROGRAM; AND (G) FREE ADVERTISING TIME ON TV AND RADIO TO PUBLICIZE THE BASIC PRODUCTS.

7. COMMENT: THE PRIVATE SECTOR'S "PROGRAM" IS BASICALLY A GOM PROGRAM AIMED AT SHOWING LABOR THAT PRIVATE BUSINESS IS WILLING TO MAKE SACRIFICES. WE SUSPECT BUSINESS LOOKS ON IT AS AN ADDITIONAL COST THAT THEY WOULD PREFER TO AVOID RATHER THAN AN EFFORT TO MAINTAIN WAGE RESTRAINT.

8. INITIAL RESPONSE FROM ORGANIZED LABOR INDICATES THEY MUST SEE THROUGH THE EMPLOYER-GOM RUSE. NAPOLEON GOMEZ SADA, PRESIDENT OF THE CONGRESS OF LABOR WHICH ENCOMPASSES 95 PERCENT OF THE UNIONIZED IS QUOTED AS SAYING "THEY ARE NOT GOING TO MUZZLE US WITH GIFTS OR WITH MORE PROMISES; (THEY SHOULD) MAKE GOOD THEIR (PAST) PROMISES IF THEY ARE TO BE TAKEN SERIOUSLY." UNION KINGPIN FIDEL VELASQUEZ REACTED TO THE AFOREMENTIONED PRICE INCREASES ON BREAD, FLOUR AND MILK WITH "WE ARE NOT NOW LIKELY TO DEMAND ONLY A 10 PERCENT INCREASE IN WAGES.". THOMPSON

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Message Attributes

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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
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Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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